



ERNIE FLETCHER
GOVERNOR

CABINET FOR HEALTH AND FAMILY SERVICES
DEPARTMENT FOR MEDICAID SERVICES
COMMISSIONER'S OFFICE
275 EAST MAIN STREET, 6W-A
FRANKFORT, KENTUCKY 40621-0001
(502) 564-4321 (502) 564-0509 FAX
WWW.KENTUCKY.GOV

JAMES W. HOLSINGER, JR., M.D.
SECRETARY

November 19, 2004
Pharmacy Provider Letter # A-471

Dear Pharmacy Provider:

Recently each provider received two separate pieces of correspondence from the Kentucky Department for Medicaid Services. The first letter was sent to inform all providers of changes to the Medicaid payment cycle. The second letter was sent by First Health regarding Kentucky Medicaid's acquisition of a Pharmacy Benefits Administrator (PBA).

The conversion from billing pharmacy services through Unisys Corp to billing through First Health will begin December 4, 2004. This is to advise all pharmacy providers for this program that the reimbursement schedule will be changing from the current weekly schedule to a bi-weekly schedule. All direct data entry claims received before 3:00 p.m. EST, and all Point-of-Sale claims received by 7:15 p.m., EST, December 3, 2004 will be processed and paid through the current procedures and time lines. Effective 8:00 a.m. EST, December 4, 2004 the payment will be processed by the PBA and the payments schedule will change to a bi-weekly process. Currently the estimated time lines are expected to be as follows with an adjustment in the first cycle due to the Christmas holiday.

December 4 Claims billed to First Health

December 17 Payment Cycle Run (Friday)

December 22 Payment information forwarded to State (normal cycle will be on Thursday)

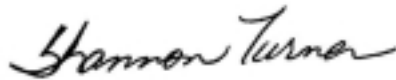
December 23 Checks mailed by First Health (normal cycle will be on Friday)

November 19, 2004

The bi-weekly schedule described above will continue until June 24, 2005. The payment scheduled for that date will be delayed until July 1, 2005 as part of the Department's cash management process. On July 8, 2005 payments will return to the regular bi-weekly schedule.

If you have any questions or need further assistance with First Health Services please contact either Rob Rust at RRRust@fhsc.com or (804) 934-4247 or Jeannie Goodyear at JGoodyear@fhsc.com or (804) 965-7798. Any questions regarding the timing of payments referred to in this letter schedule should be addressed to Neville Wise at (502) 564-8196.

Sincerely,

A handwritten signature in cursive script that reads "Shannon Turner".

Shannon R. Turner, J.D.
Acting Commissioner